

**Department of Health Services**  
**Summary**

A.R.S. § 36-103

Director: Catherine Eden

JLBC Analyst: Beth Kohler

	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Approved</b>
<b>PROGRAM BUDGET</b>			
Administration	22,562,300	28,817,200	33,499,000
Public Health	25,464,400	39,255,400	40,752,500
Family Health	49,576,500	56,974,000	62,292,800
Behavioral Health	587,119,500	696,344,800	746,155,200
Arizona State Hospital	58,013,700	59,011,300	60,153,300
Federal Match Rate Change	0	(18,318,300)	0
<b>AGENCY TOTAL</b>	<b>742,736,400</b>	<b>862,084,400</b>	<b>942,852,800</b>
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	1,683.4	1,702.5	1,734.5
Personal Services	38,678,700	40,154,000	42,256,200
Employee Related Expenditures	9,695,300	11,600,100	11,845,000
Professional and Outside Services	9,642,300	9,024,500	8,995,200
Travel - In State	284,700	355,900	356,400
Travel - Out of State	17,600	28,600	30,300
Other Operating Expenditures	13,328,600	16,401,600	14,674,700
Equipment	1,742,500	288,500	225,900
<b>OPERATING SUBTOTAL</b>	<b>73,389,700</b>	<b>77,853,200</b>	<b>78,383,700</b>
Special Line Items (SLI)	669,346,700	784,231,200	864,469,100
<b>AGENCY TOTAL</b>	<b>742,736,400</b>	<b>862,084,400</b>	<b>942,852,800</b>
<b>FUND SOURCES</b>			
General Fund	297,381,400	324,726,700	366,684,000
<u>Other Appropriated Funds</u>			
Arizona Medical Board Fund	0	100,000	100,000
Arizona State Hospital Fund	6,605,700	8,300,000	8,300,000
ASH Land Earnings Fund	632,500	650,000	350,000
Capital Outlay Stabilization Fund	0	1,100,000	1,576,200
CBH Tobacco Settlement Fund	4,729,200	0	0
Child Fatality Review Fund	88,400	100,000	100,000
Disease Control Research Fund	1,000,000	0	0
Emergency Medical Services Operating Fund	3,216,600	3,810,900	4,151,800
Environmental Laboratory Licensure Revolving Fund	507,900	822,800	845,300
Federal Child Care and Development Fund Block Grant	287,900	410,800	721,100
Health Research Fund	3,000,000	6,500,000	6,500,000
Hearing and Speech Professionals Fund	0	0	260,000
Indirect Cost Fund	4,274,500	6,873,300	7,053,800
Medical Services Stabilization Fund	680,400	0	0
Newborn Screening Program Fund	2,828,200	3,718,400	3,736,600
Nursing Care Institution Resident Protection Fund	0	38,000	638,000
Poison Control Fund	1,387,500	1,850,000	2,200,000
SMI Services Fund	13,986,500	0	0
Substance Abuse Services Fund	3,350,000	2,500,000	2,500,000
TTHCF Health Education Account	2,500,000	0	0
TTHCF Medically Needy Account	17,671,200	29,424,800	29,424,800
Vital Records Electronic Systems Fund	0	1,400,000	0
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>66,746,500</b>	<b>67,599,000</b>	<b>68,457,600</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>364,127,900</b>	<b>392,325,700</b>	<b>435,141,600</b>
<u>Expenditure Authority Funds</u>			
Federal Title XIX Funds	331,799,000	422,949,200	460,901,700
Tobacco Litigation Settlement Fund	46,809,500	46,809,500	46,809,500
<b>SUBTOTAL - Expenditure Authority Funds</b>	<b>378,608,500</b>	<b>469,758,700</b>	<b>507,711,200</b>
<b>SUBTOTAL - Appropriated/Expenditure Authority Funds</b>	<b>742,736,400</b>	<b>862,084,400</b>	<b>942,852,800</b>
Other Non-Appropriated Funds	111,732,800	107,307,700	90,051,700
Federal Funds	190,744,400	221,165,200	219,163,400
<b>TOTAL - ALL SOURCES</b>	<b>1,045,213,600</b>	<b>1,190,557,300</b>	<b>1,252,067,900</b>

**AGENCY DESCRIPTION** — The Department of Health Services (DHS) is responsible for the provision of most public health programs not administered by AHCCCS, most behavioral health programs, the Arizona State Hospital (ASH), emergency medical services, state laboratory support, vital records maintenance, disease control, and epidemiological monitoring.

PERFORMANCE MEASURES	FY 2003	FY 2003	FY 2004	FY 2005
	Appropriation	Actual	Appropriation	Appropriation
• % of agency staff turnover	9.0	9.7	9.0	9.0

#### *Federal Match Rate Change*

The budget provides an increase of \$18,318,300 from the General Fund to fill in a one-time FY 2004 increase in Federal Funds for the Title XIX program. Under the Title XIX program state monies provide approximately a 33% match to the Federal Funds received. The federal Jobs and Growth Tax Relief and Reconciliation Act of 2003 included a temporary increase of 2.95% in the federal matching assistance percentage (FMAP) for the last quarter of FY 2003 and all of FY 2004, providing more Federal Funds for each dollar spent and generating General Fund savings of \$18,318,300 in Family Health and Behavioral Health in FY 2004. This federal match rate change expires at the end of FY 2004 and the budget fills in these one-time savings (*see Family Health and Behavioral Health for more information about Title XIX programs*).

#### *FY 2004 Supplemental*

The budget provides \$7,214,400 from the General Fund, \$2,500,000 from the Substance Abuse Services Fund, and \$13,099,400 from Federal Title XIX expenditure authority for supplemental FY 2004 funding for various programs. These amounts include \$1,263,800 from the General Fund and \$2,970,500 from Federal Title XIX expenditure authority for CRS Title XIX caseload and capitation rate

growth in Family Health, \$5,822,300 from the General Fund and \$10,128,900 from Federal Title XIX expenditure authority for Behavioral Health Title XIX caseload and capitation rate adjustments, \$2,500,000 from the Substance Abuse Services Fund for substance abuse services, and \$128,300 from the General Fund for increased cost of antipsychotic drugs at the State Hospital. The details of these increases are addressed in the individual programs.

#### ***Fund Transfers***

##### *Emergency Medical Services Operating*

The General Appropriation Act transfers \$500,000 from the Emergency Medical Services Operating Fund to the General Fund in FY 2005. This transfer is not part of the agency's appropriation and is not reflected in the tables above.

##### *Indirect Cost*

The General Appropriation Act transfers \$2,000,000 from the Indirect Cost Fund to the General Fund in FY 2005. This transfer is not part of the agency's appropriation and is not reflected in the tables above.

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- <sup>1/</sup> Includes 391.5 General Fund, 163.2 Other Fund and 11.2 Expenditure Authority FTE Positions funded from Special Line Items in FY 2005.
- <sup>2/</sup> In addition to the appropriation for the Department of Health Services, earnings on state lands and interest on the investment of the Permanent Land Funds are appropriated to the State Hospital in compliance with the Enabling Act and the Constitution of Arizona. (General Appropriation Act footnote)
- <sup>3/</sup> A monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals shall be forwarded to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Senate and House Appropriations Committees and the Director of the Joint Legislative Budget Committee by the thirtieth of the following month. The report shall include an estimate of (1) potential shortfalls in programs, (2) potential Federal and Other Funds, such as the statewide assessment for indirect costs, that may be available to offset these shortfalls, and a plan, if necessary, for eliminating any shortfall without a supplemental appropriation, and (3) total expenditure authority of the month and year-to-date for Seriously Mentally Ill State Match for Title XIX, Seriously Mentally Ill Non-Title XIX, Children's Behavioral Health Services, Children's Behavioral Health State Match for Title XIX, Mental Health Non-Title XIX, Substance Abuse Non-Title XIX, Seriously Emotionally Handicapped Children and Children's Rehabilitative Services. (General Appropriation Act footnote)
- <sup>4/</sup> Notwithstanding A.R.S. § 35-173C, any transfer to or from the amounts appropriated for Seriously Mentally Ill State Match for Title XIX, Seriously Mentally Ill Non-Title XIX, *Arnold v. Sarn*, Children's Behavioral Health Services, Children's Behavioral Health State Match for Title XIX, Mental Health Non-Title XIX, Substance Abuse Non-Title XIX, Mental Health and Substance Abuse State Match for Title XIX, Seriously Emotionally Handicapped Children, Children's Rehabilitative Services, AHCCCS - Children's Rehabilitative Services, Adult Cystic Fibrosis, Adult Sickle Cell Anemia, High-risk Perinatal Services, County Prenatal Services Grant, Community Placement Treatment, Sexually Violent Persons, County Tuberculosis Provider Care and Control, Kidney Program, County Nutrition Services, Community Health Centers, Vaccines, Renal and Nonrenal Disease Management, AIDS reporting and surveillance, Telemedicine, University of Arizona Poison Center funding and the Poison Control Center funding shall require review by the Joint Legislative Budget Committee. The department may transfer monies between the amounts appropriated for Proposition 204 Children's Behavioral Health Services, Proposition 204 Seriously Mentally Ill Services, and Proposition 204 General Mental Health and Substance Abuse without review by the Joint Legislative Budget Committee but may not transfer monies to and from these line items to any other line item except as provided above without review by the Joint Legislative Budget Committee. The amounts appropriated for these items shall be used exclusively for contracts for the provision of services to clients unless a transfer of monies is reviewed by the Joint Legislative Budget Committee or unless otherwise permitted to be expended for administrative costs as specified in this act. Monies shall not be used from these appropriated amounts for any other expenses of the Department of Health Services, unless a transfer of monies is reviewed by the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- <sup>5/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Program.